

# Anatomy of Coping

Evidence from People Living through the Crises  
of 2008–11

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## Abstract

This paper surveys qualitative crisis monitoring data from sites in 17 developing and transition countries to describe crisis impacts and analyze the responses and sources of support used by people to cope. These crises included shocks to export sectors as a result of the global financial crisis, as well as food and fuel price volatility, in the period from 2008 to early 2011. Respondents reported the crisis had resulted in significant hardships in the form of foregone meals, education, and health care, food insecurity, asset losses, stress, and worsening crime and community cohesion. Although the export-oriented formal sector was most exposed to the global economic downturn, the crises impacts were more damaging for informal sector workers, and some of the adverse impacts

will be long-lasting and possibly irreversible. There were important gender and age differences in the distribution of impacts and coping responses, some of which diverged from what has been seen in previous crisis coping responses. The more common sources of assistance were family, friends, and community-based and religious organizations; formal social protection and finance were not widely cited as sources of support in most study countries. However, as the crisis deepened, the traditional informal safety nets of the poor became depleted because of the large and long-lasting shocks that ensued, pointing to the need for better formal social protection systems for coping with future shocks.

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# ANATOMY OF COPING: EVIDENCE FROM PEOPLE LIVING THROUGH THE CRISES OF 2008-11<sup>1</sup>

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In the last few years, from 2008 to 2011, many developing countries have been hit by varied and unpredictable economic shocks, often referred to as the global food, fuel, and financial crises that started in 2008 and are still affecting many parts of the world at the time of writing in 2011. At the same time, many of these countries have also faced climatic shocks and political turbulence. How have these shocks played out in people's lives and what have they meant for those who were already living in conditions of poverty and vulnerability? The aggregate impacts of these shocks on poverty are still only beginning to emerge, and it is too soon to take a firm position on what these shocks will ultimately mean for poverty or wellbeing in the medium term.

However, a series of community monitoring exercises involving multiple rounds of qualitative research throughout the 2008-11 crisis period affords some insights into how these shocks played out in the everyday lives of poor and vulnerable people in 17 developing countries. While final outcomes and impacts on poverty are not yet known, this unique micro-level perspective on the unfolding shocks puts us in a good position to better understand dynamic coping responses to protracted economic crises. The research summarized here consisted of focus group discussions (FGDs) and interviews with respondents selected to represent groups exposed to economic shocks and food and fuel price volatility (e.g., workers in export-oriented sectors, informal sector workers, farmers). These data offer a view into the perceptions and behaviors of people as they struggle to cope with economic downturn.

The overriding theme of this paper is to what extent and by what means people were able to remain resilient against the shocks of recent years. This is important for informing the design of crisis response programs as well as for broader efforts aimed at building resilience. We address this theme through the following key questions:

- What were the most common coping responses used by the poor and vulnerable and how effective were they at averting major impacts?
- How were the costs of coping distributed among women, men, children, and youth?
- How did the crises impact gender roles and community cohesion?
- Which sources of support were the most useful and what role did social protection, other government programs, and community organizations play?

At our disposal to address the questions are thousands of pages of country reports and focus group discussion transcripts from up to four rounds of qualitative research at selected sites in Bangladesh, Cambodia, Central African Republic (CAR), Ghana, Indonesia, Jamaica, Kazakhstan, Kenya, Mongolia, Philippines, Senegal, Serbia, Thailand, Ukraine, Vietnam, Yemen, and Zambia. This is to our knowledge the most comprehensive qualitative research on crisis impacts and coping ever carried out in developing countries.<sup>2</sup>

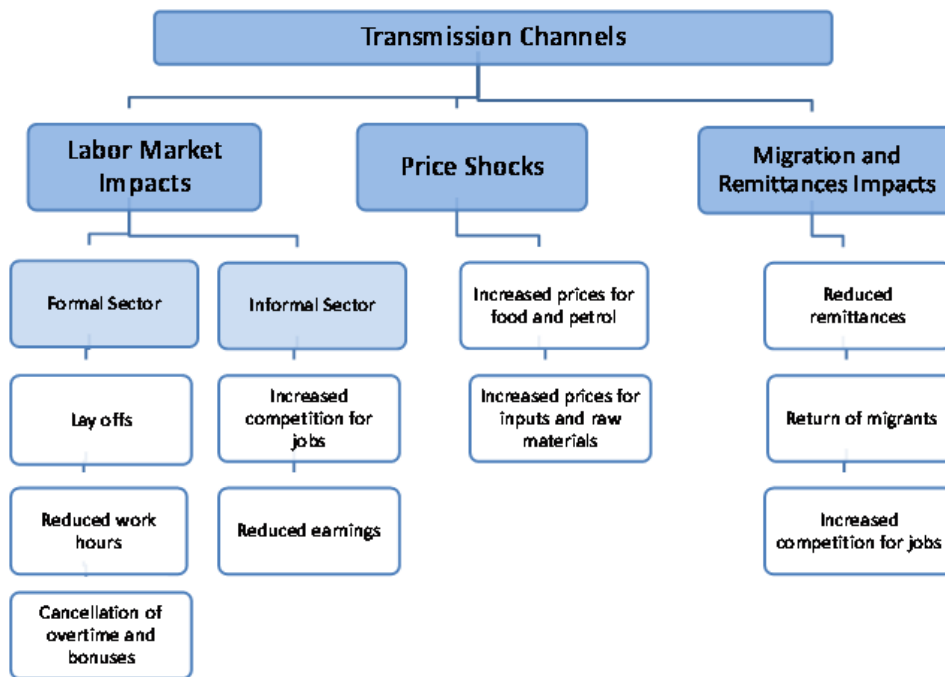
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<sup>2</sup> The Voices of the Poor (Narayan, 2000) and Moving out of Poverty (Narayan, Pritchett, and Kapoor, 2009) studies had larger samples but were not specifically focused on crisis impacts and coping. The Moving out of Poverty study found large downward movements triggered by shocks (both idiosyncratic such as health shocks and covariate such as crop loss due to drought) and lack of effective social protection.

Countries were selected based on expectations to be highly vulnerable to crisis impacts as well as on government, donor, and World Bank country team interest in this form of work. Most of the countries did not have quantitative data available to assess crisis impacts in a timely manner, sparking interest in rapid qualitative research, which was seen to hold the promise of providing, almost in real time, analysis of how people were affected and what they did to cope with shocks. Each of the 17 country case studies we survey was tailored to the country context and carried out by local researchers in collaboration with IDS or the World Bank, leading to important differences across countries (Hossain, 2009; Turk, Mason, and Petesch, 2010). Nevertheless, broadly similar qualitative research designs were employed with the common objective of monitoring crisis impacts and responses as they unfolded. Within certain limits, the data permit broad comparison of coping responses across sites in different countries.

Research sites, samples and questions were chosen to explore hypotheses about who might be affected in each country. Sampling was not intended to be nationally representative but rather to capture crisis-affected groups, guided by the researchers' prior understanding of which transmission channels were likely to be the most important in any country (see Figure 1) and which occupational groups were likely to be exposed. In East Asia, for example, the assessment of transmission channels often led to sampling of workers in the garment export sector, which was directly affected by the global downturn starting in 2008. The Ghana study sampled shea nut gatherers as these producers suffered from an adverse price shock, while in Mongolia sheep herders were sampled for the same reason. Generally, the assessments varied in size, scope and emphasis but always involved interviews and focus group discussions with a range of people of both genders thought to be exposed to the impact of economic crisis (e.g., farmers, herders, traders, small business owners, informal sector workers, workers in export-oriented formal sector enterprises, artisanal miners, youth) in addition to social workers, community leaders, and NGO personnel. Around 200-300 people were engaged with in each country, and study sites were usually visited in several rounds. In all, the research surveyed here drew on interviews with more than 3,000 respondents.

**Figure 1: Framework for assessing crisis transmission channels**



In most of the countries, local research teams would visit the same study localities every quarter or so and produce quick reports on how the crisis was unfolding: job layoffs, gradual reductions in meals, struggles to keep children in school, and the eventual recovery were all captured in these accounts. The research in the various countries was conducted by different people and with locally-designed methods but focused on essentially the same questions. Who were impacted by crises? How severe were the impacts? What did people do to cope? How were women, men, and children impacted differently? What were the sources of support? And what did governments do to help?

At times, attribution to global economic shocks proved difficult amid chronic poverty and idiosyncratic and local shocks. Some communities experienced localized or national shocks prior or simultaneously to the global crises of 2008-11 which may have had stronger impacts. For example, Kenya suffered political violence in 2007 and a long drought; Bangladesh sees repeated, severe flooding, likely to worsen with climate change; and Mongolia suffered from livestock mortality resulting from a severe *tzud* winter storm.

The qualitative crisis monitoring summarized in this paper sits in stark contrast to alternatives. Alternative approaches to tracking crisis impacts have used extrapolations based on growth elasticities of poverty; survey-based simulations; model-based scenarios; and quantitative monitoring based on high frequency data such as labor force surveys, unemployment claims, or household surveys where available. Quantitative monitoring has the most in common with the qualitative approaches explored here, as both emphasize observation over modeling and household impacts over macroeconomics, and can usefully complement one another. The advantages of qualitative research of the kind presented

here, relative to quantitative research based on household surveys, are the relatively faster speed and more nuanced and more contextual responses. The disadvantages include the lack of national representativeness, the smaller sample sizes, and the resulting inability to quantify (at national levels) the frequencies of the observed impacts and behaviors. Therefore, our findings should be regarded as illustrative and indicative, not representative.

The paper is structured as follows. The next section presents the conceptual framework and summarizes the major coping responses. Section 2 discusses the hardships faced by people during the crises. Section 3 surveys the sources of support people could rely upon. Section 4 offers concluding reflections.

## **1. MAJOR COPING RESPONSES**

### **CONCEPTUAL FRAMEWORK**

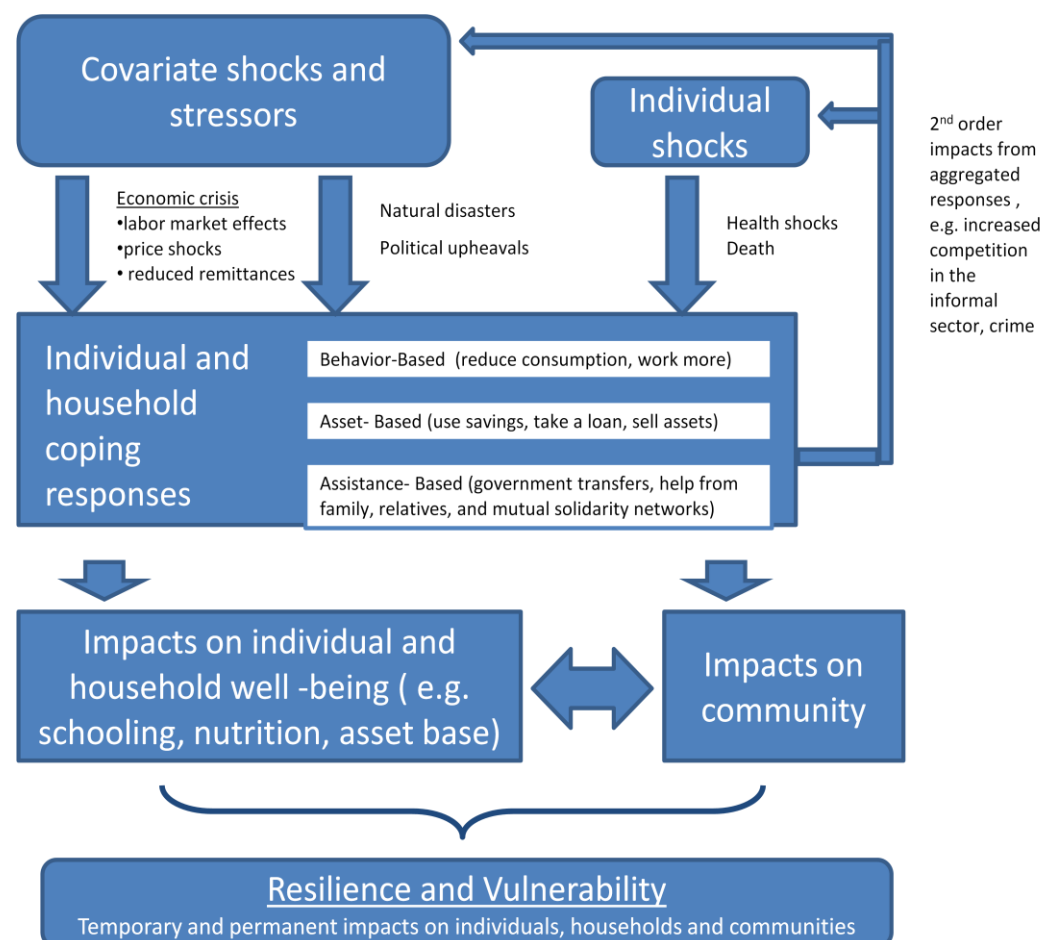
The analysis of coping did not adhere to any single academic concept but was guided by a broad-based framework of coping mechanisms (see Figure 2). The analytical framework is based on observations in the field and inspired by a range of studies on poverty and vulnerability, both quantitative and qualitative, including *Moving out of Poverty* (Narayan, Pritchett, and Kapoor, 2009) and the work by Anirudh Krishna (Krishna, 2004 and 2007; Krishna and Shariff, 2011), Robert Chambers, and Stefan Dercon (e.g., Dercon, 2004). By coping responses (or mechanisms), we refer to actions that households take to deal with shocks and avoid the worst impacts: eat cheaper foods and fewer meals, work harder, seek out new income opportunities, seek support from relatives and community support networks, etc. We distinguish between behavior-based responses related to consumption and labor supply; asset-based responses that use savings, assets, and common property resources for coping; and assistance-based responses involving support from various sources (Heltberg and Lund, 2009).

People are exposed to significant levels of uninsured risk from a range of covariate and idiosyncratic shocks. In the study sites, the most common covariate shocks included the sharp economic contraction starting in 2008; food, fuel, and input price volatility; reduced remittances; droughts and other natural disasters; and political shocks. Health shocks and deaths were common idiosyncratic shocks. Although it can be challenging, we attempt to distinguish between the direct impacts of the crises—wage and employment shocks, food and fuel price hikes, and reduced remittances—from the consequences of aggregated coping responses, or second order impacts (Figure 2). We observed that coping responses led to impacts: the women that work very long hours to feed their families become exhausted and may have to leave infants under the supervision of minors; people unable to afford meat, dairy, and vegetables for long periods become malnourished and more susceptible to health shocks; the sudden influx of workers into the informal economy lowers everyone's earnings; and criminal activities erode trust and cohesion within the community. Thus, second order impacts from crisis responses lead to both individual and covariate shocks, the latter stemming from the accumulated impacts of many peoples' individual responses.

We also distinguish between impacts on men, women, youth, and children; on families; and on communities. Our observations in the field tell us that not all family members experience the same

hardship and that, in addition, local communities play important roles for coping; while community is often a source of support, it is also deeply affected by people's coping responses, for example when norms are violated through theft, sex work, or drug trade.

**Figure 2: Coping mechanisms determine the ultimate impact of shocks**



Some of the impacts of the crises will continue to be felt well into the future. Although our research cannot definitively assess the duration of impacts, we make informed statements about those impacts that are likely to be long-lasting and may impede people's ability to recover, including: sales of assets needed for livelihoods, compromised health from eating inferior foods and foregoing health care, children dropping out from school or attending erratically, depletion of common property natural resources, and reduced investment in business growth. Some community impacts can also be long-lasting—family breakdown, weakened community cohesion, transgressions of social, legal, and personal norms made in order to cope, uptick in crime and violence. Some impacts will have irreversible consequences in the form of stunted development of children, loss of health and of social and economic assets, and occasional loss of life when someone could not afford timely health care or became destitute on the streets.



## OVERVIEW OF COPING MECHANISMS

People interviewed relied on a wide range of coping mechanisms, often simultaneously, to help adjust to worsening circumstances and avert the worst outcomes such as hunger or loss of house and major assets. This section gives a brief overview of coping mechanisms; the remainder of the paper elaborates.

Table 1 summarizes the coping responses that were commonly observed and cited as important in study sites in each of the 13 countries for which we had enough data to make comparisons. Again, we reiterate that study sites were not selected to be nationally representative. Reducing the quality of food and the number of meals was the most common behavior-based coping response, and often the first one to be used, observed in study sites in all countries. Reducing non-food consumption, working more hours, and diversifying sources of income (for example by entering a new informal occupation) were common nearly everywhere. Migration was also fairly common, including sometimes reverse migration to the home area. Increase in crime, petty theft in particular, was another common occurrence. Pulling children out of school happened quite a bit in many countries but was not necessarily perceived as an important coping response.

Among asset and loan-based coping responses, sales of assets was fairly common in many surveyed sites, while collection of food and fuel from common property natural resources (a use of communal natural assets) was important only among some of the low-income countries. Loans were important for coping in study sites in many countries, but the lender varied. Family, friends, and moneylenders were the most frequent sources. Banks and microfinance institutions were a common source of loans for coping in sites in only two countries, having been much more common before the crises forced financial institutions to cut back lending. As the economic conditions worsened many vulnerable groups were struggling with repayment of existing loans and were no longer eligible to borrow from banks or microfinance institutions. In fact, interviewees often had to borrow from family, friends and informal moneylenders or sell essential assets to repay their bank loans as no refinance schemes were available (see Section 3).

Assistance most often came from relatives, friends, and neighbors. Informal groups organized around mutual solidarity, often along occupational lines, were common in sites in around half the countries, while moral and financial help from religious organizations was commonly reported in five, and NGOs in four. NGOs had a presence in additional study sites, but did not always provide assistance in a form that was perceived as important or helpful for coping by the respondents. Government assistance was important for coping only in sites in the former socialist countries of Mongolia, Eastern Europe, and Central Asia—countries that had fairly large national social protection programs in place prior to the crisis.

How effective were the coping responses in averting the adverse impacts of the crises? This is the question taken up in the next section.

**Table 1: Coping responses cited as common or very common**

Common Coping Responses	Countries													
	Philip-pines	Thaila-nd	Vietn-am	Mong-olia	Camb-odia	Kenya	Ghan-a	CAR	Zambi-a	Bangl-adesh	Kazak-hstan	Ukrai-ne	Serbi-a	Total
Behavior-based responses														
Reduce the quality and quantity of food	•	•	•	•	•	•	•	•	•	•	•	•	•	13
Reduce non-food expenditures	•	•	•	•	•	•	•	•	•	•	•	•	•	13
Stop primary or secondary education		•	•		•	•			•	•				6
Stop higher education	•			•										2
Work more	•	•	•	•	•	•		•	•	•	•	•	•	12
Take up illicit occupations:														
Sex work						•			•					2
Drug dealing		•				•								2
Crime / theft	•	•	•	•	•	•		•	•	•		•		10
Income diversification	•	•	•	•	•		•	•	•	•				9
Migration			•	•	•					•	•	•		6
Asset-based responses														
Sell assets	•	•		•	•	•	•	•		•				8
Loan from formal lender		•		•										2
Microfinance loan				•						•				2
Loan from family/friends	•	•		•	•		•				•		•	7
Loan from moneylender	•	•	•		•									4
Use common property natural resources for fuel and food		•			•			•	•					4
Assistance-based responses. Source of assistance:														
Government				•							•	•	•	4
NGO		•		•		•		•						4
Religious organization		•			•			•	•	•				5
Mutual solidarity group			•	•	•	•		•	•	•				7
Relatives	•	•	•	•	•	•	•	•	•	•	•	•	•	13
Friends and neighbors	•	•	•	•	•			•	•	•	•	•	•	11

Source: Authors' coding based on qualitative research at sites in the mentioned countries

Notes: Data from Jamaica, Senegal, and Yemen is discussed in the text but is not included in this table because it was not in a format that readily permitted comparison.

Mutual Solidarity: There was a lot of help exchanged within occupational groups, for example with finding work or housing. It is included here even though it may not involve assistance in cash.

## 2. IMPACTS ON INDIVIDUALS, FAMILIES, AND COMMUNITIES

Coping came at significant costs to poor individuals, families and communities, and as mentioned some of these costs may continue to be felt well after the crises subside. Indeed, the impacts of reduced food consumption in the context of chronic malnutrition, the sale of productive assets, the foregone education and health care, the high levels of stress incurred by individuals struggling to cope, and the uptick in anti-social behaviors such as theft are likely to reverberate for a long time. In the following, we

discuss the major forms of hardship felt by individuals and families, how these hardships were distributed within households, and how community cohesion was impacted.

**HARDSHIPS FOR INDIVIDUALS AND FAMILIES - “How can you afford a smile if you slept hungry?”**

Impacts differed in their timing, duration and severity. Groups tied to the formal economy were affected first and most directly through layoffs, reduced working hours, and cancellation of bonuses as the global economy contracted. Yet, formal sector workers turned out to be relatively resilient. They could often count on severance payments and live off savings without drastic reduction of food consumption or sale of essential assets. Workers in the informal and agricultural sectors were affected indirectly through reduced domestic demand for their products and services, increased competition as the laid off factory workers were seeking informal sector jobs, and reduced remittances from urban workers to rural areas. Many of the informal sector workers were struggling to make ends meet even before the crises and saw the most damage to their livelihoods due to coping responses that often included accumulation of unserviceable debt, sale of productive assets or foregoing medical care. In many countries the impact of the global economic downturn on this group appeared likely to be long lasting and they were not able to recover as the national economies started to grow (in the later rounds of research).

Food insecurity emerged as the most severe impact of the crisis. It was most pronounced in Kenya and Central African Republic where the impacts of global financial and food price crises were compounded by domestic shocks such as breakdown of the hydropower plant in CAR and prolonged drought in Kenya. In both countries, food shortages were widespread among children and adults and respondents described major stress over securing the daily meal. In CAR, even employees of state-owned enterprises reported barely ever eating meat. There were some reports that low food intake resulted in deaths:

*“I lost my two children a year ago. Since their birth they never knew a happy life, they were always sick. The last time I sent them to the health center, the diagnostic was the lack of blood cells and malnourishment. The nurse told me to feed them with more milk and beans. Because I didn’t have enough money to buy these products, they died.”*

*51 year old woman, mother of six children, CAR (August 2010)*

*“These days it has become very difficult. Even though we are alive, our health is deteriorating. I used to have three meals each day, but now I am hardly managing a meal each day. When I am unable to get food, I just sleep, with hope that tomorrow will be better.”*

*From an interview with a rural woman in Lango Baya, Kenya (March 2009)*

Severe food insecurity was also common in Zambia and Bangladesh where respondents often complained of weakness, dizziness, and lack of energy due to poor diets. In East Asia, while no instances of starvation were reported, many poor households were reducing the quantity and quality of food. Adults were sometimes foregoing meals so that their children could eat. Although less drastic, reductions in the food expenditure were also reported in Eastern Europe and Central Asia (ECA).

Reduced calorie intake in combination with the need to work much longer hours can have long-term health consequences, particularly for individuals engaged in hard physical work.

High levels of stress, anxiety and even trauma resulting from inability to provide adequate food for the family, maintain the previous level of remittances to parents and siblings in rural communities, pay off debts, and cope with other negative conditions of the crises were reported in many communities. Both men and women were often working extremely long hours and reported physical and emotional exhaustion.

*"We have so little money we can almost not survive. How can we be happy? Now there are only headaches and tears."*

*FGD in Baboang Village, Cambodia (July 2009)*

*"How can you afford a smile if you slept hungry?"*

*From an FGD in Mukuru, Kenya (March 2009)*

In Eastern Europe, interviewees reported increased use of counseling and psychological assistance provided by social workers either in person or by phone through dedicated "trust numbers". In Serbia, women expressed appreciation of the counseling provided by Centers for Social Work.

*"I can only praise the Center for Social Work because they call me often just to talk. They ask me how I'm doing, how is it for my children, if they should see a psychologist. I am happy when they call me."*

*Single mother from Belgrade (October 2009)*

*"We get more people coming to us for help. People go for help to psychologists, social workers. People started to ask more for their consultations and the number of such people increased three-fold during last year. We even resumed the operation of the telephone line for psychological counseling, which had been closed a long time ago... But now, once again, we had to open such a line on a voluntary basis, because people simply need it..."*

*From an FGD in Slavutych, Kiev region, Ukraine (August 2010)*

In site after site in most study countries, poor people were foregoing medical services as they could no longer cover health care costs. Interviewees were increasingly self-medicating, relying on traditional healers, and buying medicines from street vendors instead of pharmacies. Some interviewees in CAR reported death of family members unable to cover the cost of health services. In Kenya, people living with HIV/AIDS reported worsening conditions as they often had to take their antiretroviral drugs on an empty stomach. Some respondents in Bangladesh reported postponing serious medical treatment.

*"Because of lack of money, I had to drive my wife who was sick to a pygmy healer, but she died 3 days later."*

*Wood factory worker and father of six children, CAR (August 2010)*

Increased indebtedness and sale of assets was reported in sites in most countries. The situation was particularly dire in Cambodia, Thailand, and the Philippines where a lot of households had lost or were living in fear of losing their land and houses from inability to service debts. Pawning of assets (jewelry,

TVs and other appliances) and sale of motorbikes, boats and other productive equipment was also very common in these countries. In Bangladesh, people reported selling electronic equipment and mobile phones. In Kazakhstan, respondents sold houses, cattle and cars to pay off debts incurred before the crisis. In the African sites, sale of assets was observed in Ghana, where poor shea nut gatherers reported layers of coping: they would first fall on shea nuts, which represent a major form of savings, and then sell livestock in a particular order, poultry first, then ruminants, and cattle as a last resort. In Kenya and CAR, sale of assets was not common, possibly because poor households had already exhausted their resources and had little left to sell.

Distress asset sales disadvantage the poor. Mongolian herders were severely affected by declining world cashmere prices, which prompted massive sale of meat and a reduction of prices. The poor had to sell a large number of animals to finance basic consumption and it will take years to rebuild the herds. The wealthier herders, however, could wait for cashmere prices to recover by drawing on savings and alternative sources of income. These herders also had a better sense of price movements and could afford transportation costs to sell their produce at higher prices in urban markets.

Coping with economic crisis has eroded the savings and asset base of households in most study sites, leaving many people with few resources to cope with other shocks like adverse weather conditions, natural disasters, and health and education expenditures. Prolonged and repeated shocks clearly exhaust the coping capacity of families and communities. Continued high and volatile global food prices are therefore a source of concern.

**ECONOMIC SHOCKS ARE NOT GENDER BLIND** – *“When they know that a woman has a small child they don't want to employ her, they just say ‘I need a worker who will work every day’.”*

Both men and women were affected by rising unemployment and reduced incomes and reported high levels of psychological stress, the need to work longer hours just to make ends meet, increased competition in the labor market and worsening treatment or even abuse by employers. In most countries, these effects had a larger impact on women who were more likely to work in low-paying occupations even before the crises and had a major share of childcare and household responsibilities. In East Asia, women also suffered disproportionately from industrial downsizing. In this region, women were overrepresented among low-skill workers employed in manufacturing that were the first to get fired as companies engaged in a strategy to retain skilled employees who were primarily men.

There were some reports of rising gender discrimination. In Mongolia, women reported discrimination in hiring decisions based on their physical appearance. In Thailand, some interviewees said that women received less in severance payments when companies incorrectly reported laid-off female employees as having resigned voluntarily while reporting laid-off male employees correctly, resulting in higher severance payouts. In export factories in Indonesia, workers reported that as the sector recovered there was a stronger demand for female employees who would agree to work long hours without secure contracts and accept more pressure for productivity at work. In Serbia and Ukraine, it became much more difficult for women with small children to find work as job market competition increased, and

these women were also more likely to be laid off if the company was downsizing. In addition, interviewed single mothers in Serbia said that employers were trying to take advantage of their vulnerability by asking them to work long hours and weekends for low pay; they also reported instances of sexual harassment.

*"Most likely to get into a list of people whose jobs can be cut in the first place are mothers with children. Especially when their children tend to get sick frequently... It may happen that in one month one child gets ill but in the other month another child may also get sick and so on."*

*From an interview with a woman from Donetsk, Ukraine (August 2010)*

*"When they know that a woman has a small child they don't want to employ her, they just say 'I need a worker who will work every day'."*

*From an interview with a woman in rural Zrenjanin, Serbia (October 2009)*

*"I found a job and my employer soon told me that we had to become close. I rejected his offer and lost the job."*

*From an interview with a woman in rural Zrenjanin, Serbia (October 2009)*

Economic hardship made women shift from a concentration on non-paid domestic labor to engaging in additional income-generating activities in sites in many countries. The increased labor force participation of women usually entailed informal sector work and low pay, and led to the stress of working long hours away from home with small children left in the care of older siblings. It appeared that contractions in labor market earnings sometimes led to more hours worked, not less, as people had to supplement with less remunerative occupations. Starting to work outside the home had an impact on gender roles. In Mongolia, it resulted in improved self-esteem and an increased role for women in household decision making and social life at large, while in Yemen, women's paid work outside the home was perceived by some men as a threat to social norms as well as to their own employment.

The emotional pressure of facing hungry children often forced women to be more entrepreneurial in their search for income-generating opportunities. In many sites, interviewees perceived women to be somewhat more likely to diversify into new activities while men were more likely to continue doing the same jobs but for longer hours wherever possible: in export industries in Bangladesh and Indonesia, however, both men and women reported loss of overtime and shorter working hours. The noticeable diversification by women across the wide range of contexts may result from the more direct pressures women face in terms of feeding children and other household members, which pushed them to continuously look for new opportunities. When faced with economic hardship, they were also more prepared to accept low status and physically demanding jobs, like cleaning, laundry and sex work. In Cambodia, for example, garment workers that lost their jobs went to work in karaoke bars and massage salons – jobs that entail a high possibility of sexual harassment.

Women with children were sometimes constrained in their coping options. For example in ECA many interviewed women complained about lack of kindergartens, which limited their employment opportunities. In East Asian study sites, women often had to take poorly paid subcontracting jobs that

would allow them to work from home and fulfill caretaking responsibilities. Married men were generally more likely to accept jobs that were far away from home or to move for work to a different locality.

Women were also better able to manage household budgets, save up, and remit money to relatives in difficult times. Women were usually responsible for stretching household budgets by buying food at cheaper places or in bulk at wholesale prices, walking long distances to collect firewood to save on fuel (mostly in the African countries), sewing new clothes from old ones, and collecting wild fruit, leaves, or mushrooms to supplement food consumption. Respondents in Vietnam also noted that women were better at remitting money to rural relatives:

*“Now youngsters travel to the city to seek employment by themselves. They get information from their friends through mobiles so it is clearer. Fewer people are cheated. Normally, more women migrate than men, and the former also send more money home, as their savings capacity is better.”*

An official from Thủy Hòa village, Trà Vinh, Vietnam (July-August 2009)

Women continued to bear the burden of household responsibilities despite experiencing longer hours in paid work and income activities. In many communities, interviewees noted that when the time women spent in income-generating activities was added to the time they spent cooking, cleaning, caring for children and other household needs, women worked much longer hours than men. This was particularly apparent in CAR where an interviewee noted *“It is the sleep which drags her away from her daily housework”* and in Kenya where rural women reported 18-hour working days.

In some sites, reduced incomes and rising unemployment contributed to an increase in domestic violence, both by men against women and by women against children. Economic hardships increased tensions and arguments in family relationships, which sometimes resulted in violence. Focus group participants in a Cambodian village reported an increase in domestic violence which they linked to reduced incomes as a result of the crisis:

*“Many families seem to have very frequent arguments and most of the cases relate to income ... Some wives cannot stay in their house because they are afraid of their husbands.”*

FGD in Donn Vong Village, Cambodia (July 2009)

In Mongolia, unemployment among men and alcohol abuse were seen as the reason for the increase in domestic violence, which was more common in urban areas. Focus group participants explained that the rural areas still had herding jobs, which kept men busy throughout the year:

*“Presence of domestic violence is often observed among our khoroo citizens. Sometimes we find women having black eyes. I observe that unemployed men usually spend their time drinking alcohol and playing games. When they are at home, drunk men often get into conflict with family members and start fighting. It is very depressing for women, children and older family members. Households, who suffer from a drinking family member, do not call police. They feel that after a few cases they would be sentenced by court. In this case, the family members will be responsible for paying an attorney fee, therefore they don’t call police and attend the women’s center.”*

The crisis sometimes contributed to the increase in female-headed households as men were leaving to urban areas or abroad but not necessarily sending remittances, going to jail (there was an increase in crime rates in nearly all countries surveyed) or simply abandoning their families. Single mothers and their children were particularly vulnerable to food insecurity, and children of women-headed households were more likely to drop out from school to contribute to family incomes. The more common situation, however, was when men were migrating for work and sending remittances while women managed household responsibilities.

Men who lost their jobs were in some communities reported as the ones that were most affected by the crisis. Men are traditionally seen as having the major responsibility of providing for the family and being unable to fill that role sometimes resulted in a deep emotional stress. Men were also very likely to engage in hard physical labor for many hours while saving on proper nutrition, to risk their personal safety by saving on accommodation (e.g., migrant construction workers and cyclo-drivers in urban Cambodia lived and slept on the street), and to migrate away from home. Overall physical and emotional exhaustion was quite common among men:

*“With the beginning of the crisis, I started to work more, and practically speaking I don’t live at home. Because I come home practically to take a shower, have dinner and sleep. Therefore, personally for me, our relations in the family have deteriorated. From a material point of view everything is OK, because I started to work more. But in my family they tell me ‘we do not need your money, you better stay at home more time. Why do we need all these money, give it up, all of it,’ but I cannot stop such work, because after that they will tell me, ‘it is enough for you to sit at home, high time to go and earn money...’ .I cannot get into that situation, when I come home and they will tell me, ‘give us something,’ and I wouldn’t be able to give it...No, it’s not my way.”*

*From an interview with a man in Donetsk, Ukraine (August 2010)*

**CHILDREN’S HARDSHIPS** – *“We did not want our children to drop out of school. But they said that they could not study because we faced such problems and they had to help the family.”*

In site after site in all covered countries parents sought to protect their children’s food consumption and schooling. Adult household members often reported saving on the quantity and quality of food they consumed to ensure that children had proper diets. At the onset of the crisis, parents were reducing school allowances and in some instances transferring children from private to public schools (or to less expensive schools run by churches, madrassas, or NGOs) yet doing everything possible to ensure that children continued their studies. Impacts on schooling were overall more muted than expected based on knowledge of responses to previous crises. The strong emphasis on keeping children in school may reflect the widespread investments in improving access to school across the developing world since the 1990s, particularly through reducing the direct costs (through school fee abolition) as well as the indirect costs (through cash or food transfers) of school. Factors that influenced whether students remained in school during the hardships included the value that parents attached to education; free education policies or subsidies for education; distance to schools; and availability of school feeding.



There were nevertheless many instances of erratic attendance and school withdrawal because of either the need for children to contribute to household income or because education costs had become prohibitive. In Yemen, people reported that costs of schooling such as the customary payment toward teachers' lunches had risen. In Jamaica, some people felt that despite policies of free education, actual costs of schooling remained a burden. Drop-outs were particularly acute in the Bangladeshi and African sites. The head teacher in an NGO-run school in Dhaka reported that *"On average if we had 30 students in every class, then we lost five students in every normal year. But this year 10 to 15 students have dropped out from every class of our school. Many are not able to pay the fees while others do not have uniforms or books"*. Drop out was acute in many of the African sites due to long distance to schools, unaffordability of fees and lack of school feeding programs. An NGO-run school in a Bangkok slum registered a 20% drop out rate, with many of the drop-outs becoming street vendors. There were concerns for the safety of these children, and, according to staff of a port hospital, 2009 had the highest rate of pregnant children under 14. In a number of contexts, it was clear that even when dropout had not resulted, hunger and casual work opportunities meant children's attendance became more erratic during this period. Erratic attendance often has long-term consequences for school performance and transition to higher levels of education.

In the Cambodia sites, many children in rural areas dropped out from school. Teenagers aged 13-15 tried to engage in paid economic activities. Girls often found employment in Phnom Penh as domestic workers while boys were working as laborers in agriculture, fishing, and construction. Younger children helped their parents by looking after animals and collecting wild foods such as mushrooms, crabs, and snails from the commons:

*"My children dropped out of school a few months ago. I did not want them to stop but they stopped themselves. Now they go to collect wild mushrooms and morning glory to sell to help the family."*

*"Now we are faced with this tough time, lack of income and outstanding debts, our children go to seek jobs –carrying rice bags in our village or going out of the village, such as to uproot cassava in Kampong Cham or to work in construction in urban areas."*

*"My children, aged between 13 and 15, dropped out of school and now have gone to work as domestic workers in the city for 100,000 Riel a month. This helps mitigate the burden of feeding them and they help us with their remittances."*

*Baboang Village, Cambodia (July 2009)*

The situation was markedly better in the ECA and Mongolia sites, countries that have long traditions of universal school education. Although almost no school drop outs or rise in absenteeism was reported in these countries, parents often had to reduce expenditures on extracurricular activities, clothes, supplies, transportation and children's allowances for school lunches and leisure activities.

Although generally quite rare, violence against children was reported in Jamaica and Yemen. In Jamaica, some people noted that stressed women took their frustrations out on children, and in contexts where children's views were elicited, it was clear that financial stress created tense domestic situations:

*“Women beat their children more than men do. When women have nothing to eat, they beat their children and verbally abuse them. Women are more stressed.”*

*FGD in Kingston, Jamaica (2009)*

*“When I don’t have anything in the house and I am upset, I beat up the children.”*

*FGD with a woman in Yemen (2010)*

Children were often left alone or in the care of older siblings as all adult family members had to work long hours away from home. In Serbia, single mothers complained that their children had behavioral problems and low academic performance as mothers had no time to support them: *“My child is not doing well at school. I was working all day long and I couldn’t follow what she was doing”* – said a single mother from Belgrade. Lack of public kindergartens often forced mothers to leave small children unattended or in the care of older siblings. In CAR, this practice reportedly resulted in increased disease prevalence among small children as their brothers and sisters did not know how to feed them properly or take care of them when they were ill.

Children were suffering most in the Kenya sites where the effects of the global financial crisis were greatly compounded by a seven year long drought. Most families could afford only one meal per day, porridge or ugali, a maize dish with vegetables. Teachers reported a drastic decline in student attendance and a growing number of children engaged in waste collection, crime, and prostitution to be able to provide food for themselves and their siblings. According to interviewees, some parents encouraged their daughters to engage in prostitution and sold their sons to wealthy Asian traders so that households could eat. Teachers reported an increase in pregnancies among school girls, attributed to shortage of food. There were also stories of children robbing each other of food in primary schools. School feeding programs, where functional, were extremely useful in improving school attendance and academic performance. However, school lunch programs were terminated in many schools when the economic conditions worsened. In the rural community of Lango Baya there were concerns about the growing number of abandoned children, whose parents went to urban areas in search of jobs but never returned.

#### **YOUTH DURING CRISES – “They have to steal because they have no food.”**

In many countries surveyed, young people were seen as among the most vulnerable to the crisis. Youth found it difficult or impossible to find jobs, struggled with paying college or university tuition, and were tempted to engage in illegal activities from lack of other opportunities.

The crisis appeared to have a mixed impact on secondary and higher education. In Mongolia, students from wealthy families that completed their course of studies decided to continue their education until the job market improves while poor students had to terminate their university education or take a temporary leave of absence as their parents could no longer afford tuition fees. Similarly, in Kazakhstan, a lot of university graduates unable to find jobs reported continuing their education to obtain an

additional specialization and be more competitive in the market; students from the poorest families switched to part-time studies to be able to earn an income, which had a negative impact on their academic achievement. In Ghana, university and secondary school students were missing lectures or deferring their courses as they could no longer afford tuition, while in Jamaica, promising students were shelving their university plans. In Vietnam, however, the increased competition for jobs due to the crisis made workers pay greater attention to education. The number of workers enrolled in vocational schools increased substantially during the crisis. Many of these workers were taking advantage of the flexible class schedules and combining work with studies.

Increased alcohol and drug use and engagement in criminal activities by youth was cited as a negative impact of the crisis in sites in several countries. The situation was worst in Kenya and Zambia where there was a rise in drug and alcohol abuse as well as prostitution by youth. In Lusaka, youth reported a rising number of girls and young women entering sex work as one of the most significant problems facing their community, caused by poverty and unemployment and pressure from the families to help pay for food or siblings' education. In both countries, there were concerns about an increased incidence of sexually transmitted diseases including HIV/AIDS. In Kenya, a number of interviewees also mentioned increased theft, particularly food theft by youth.

*"Children, especially the youth have to stay home. The ones who have completed school just stay at home, without jobs even when they have completed primary school. Most of these were not able to proceed to secondary school. A lot of these youth have ended up organizing themselves into groups. They end up on the centres and in town (Malindi) engaging in crime to survive. They have to steal, even violently, because they have no food and they must have at least a meal each day."*

*Interview in Lango Baya, Kenya (March 2009)*

An increased number of drug users and sellers among the youth was also observed in Thailand. The interviewees reported that drug dealers were using children as young as ten years old to sell drugs for them. The types of drugs used are amphetamines and glue, which are cheaper and easier to use and sell than other drugs. In addition, there was an increase in young people engaged in sex work to earn money.

**COMMUNITY COHESION** – *"Theft is increasing because of hardship in the area ... but we are not afraid of it anymore because we are living in empty houses ... we have nothing for them to steal."*

Economic hardship also had high social costs with increases in crime, drug and alcohol abuse, erosion of social norms and weakening of solidarity mechanisms observed in many communities surveyed. Breaking or weakening of social norms was reported in many communities. Alcohol abuse, mostly among men, increased in nearly all countries; unemployment and stress were cited as key reasons. Drug abuse and prostitution also became widespread in several countries as already mentioned. Kenyan interviewees noted increased consumption of a lethal local brew known as 'kill-me-quick' in order to "kill the stress". In Yemen, some men reported consumption of *qat* (a stimulant) had declined, while women felt it had generally increased. Some women said they encouraged use of *qat*, as it was an appetite suppressant. One Sana'a mother of a baby reported that her breast milk had dried up, a fact she attributed to her *qat* use and poor diet.

*"In the black market when the working day ends, people all get drunk. They sell something and drink the money. Homeless people come to collect leftover food and steal things..."*

*A candy and fruit trader from Narantuul market, Ulaanbaatar, Mongolia (August-September 2009)*

Crime, particularly theft, was reported to have increased and was a major source of concern in rural and urban sites in nearly all countries. Some interviewees were afraid not only for the security of their possessions but also for their personal safety. In the Philippines, women were more affected by the rise in crime, including kidnapping and rape. In many rural communities, people were concerned about the increased incidence of crop and livestock theft. In Kenya, interviewees commonly complained about food theft. It seemed that there was no outright condemnation of it as the thieves were stealing just to eat and not for further commercial resale. Young people have noted that it is better to steal and be nabbed than to be malnourished and eventually die of hunger. In rural Kenya, a farmer explained that food crops were being stolen from the fields, creating disincentives to increase cultivation. In Mongolia, the poor were more likely to have their animals stolen as they lacked hired help and were more likely to leave animals unattended.

*"I had very nice cows. Last year the cows were stolen. My wife was herding the animals and she came in to have some tea. We saw the animals near our ger. It became dark and one car passed through our ger. That evening we could not find our cows."*

*A herder from Bayandelger soum, Tuv province, Mongolia (August-September 2009)*

*"We think that theft is increasing because of hardship in the area ... but we are not afraid of it anymore because we are living in empty houses ... we have nothing for them to steal."*

*"I have no idea what to do for a living ... maybe I am going to be a thief myself!"*

*Donn Vong village, Cambodia (July 2009)*

*"Security here is now a matter of concern. This is because previously we never had theft, especially theft of food. But today, because of this food and economic crisis and hunger, everyone is vigilant. Theft of food is increasing; one cannot simply die of hunger when there is food."*

*From an interview in Lango Baya, Kenya (March 2009)*

There were reports of weakening community cohesion and solidarity yet there was no evidence of violent conflict in the study sites. Competition for scarce work and resources available sometimes divided people and communities. For instance, in Thailand, port workers expressed hostility toward illegal migrants from other countries who agreed to work for lower pay. In Serbia, the Roma reported increased discrimination by employers. In Kenya, interviewees noted that mosques were providing generous assistance to Muslims but not to people of other faiths, which created animosity among non-Muslims. Women market traders in rural Kenya said that some of them used witchcraft to win customers over fellow traders. Women beggars in Bangladesh felt that the norm of assisting the extreme poor had been destroyed during this period, with better-off people abusing them and advising them rudely to seek help from the government or NGOs.

### 3. SOURCES OF SUPPORT

An important part of coping everywhere was to reach out for help. As we discuss in the following, assistance came, with varying frequency and effectiveness, from formal, micro, and informal finance, social protection, NGOs and religious groups, and informal sources such as community-based groups and remittances from relatives. Informal safety nets played the most important role for coping, even as the amount of support was inadequate relative to the large and growing need, and was often the only source of support available. Formal sources of support were largely absent, except in the ECA and Mongolia sites.

#### **THE ROLE OF FORMAL, MICRO, AND INFORMAL FINANCE – “We fear the credit agent like we fear the tiger.”**

Formal financial institutions were largely inaccessible to low-income groups both before and during the crisis as they lacked collateral. In addition, banks rarely locate in rural areas, from where many FGD participants were drawn. The main sources of credit were family, friends, neighbors, co-workers and informal moneylenders. In all countries surveyed the availability of credit from both formal and informal sources reduced. Banks and moneylenders were lending smaller amounts at higher interest rates while family and community-based credit sources were often exhausting themselves.

Kazakhstan, Serbia, Ukraine and Mongolia were the four countries, where bank credit was widely available to most employed people. However there was mixed evidence on the usefulness of formal credit for coping. Bank credit was instrumental in helping herders and wage employees in Mongolia survive the crisis and cover school expenses and university tuition of their children. Furthermore, in Mongolia microfinance institutions were viewed positively and praised for support in development of non-pastoral economic activities. In Ukraine, some interviewees reported that credit from banks had helped them cover basic consumption needs during the crisis. However, unsustainable debts to banks became an issue of concern in Kazakhstan, where interviewees resorted to sale of assets including cars and housing to repay the loans taken before the onset of the crisis. Some also started hiding from bank agents and even changing the place of residence to escape their credit obligations. High levels of indebtedness to banks were also reported among the Roma in Serbia.

*“People took out so many loans. Nobody thought about interest rates. Now they are unable to repay a loan. Sometimes people escape, hide from the bank officers, sell their houses in order to repay a loan, and in other times they are even left outdoors. Nobody helps them. When they took out their loans, they had jobs, but the crisis took away their jobs. I took out a loan with my husband. Then my husband was selected for a redundancy during the job cuts at his workplace, while I was on maternity leave. We failed to repay our loan in due time, then bank officers came and threatened us that they will take away our apartment. Now, in order to repay a loan, our family budget had to be reduced.”*

*Focus-Group Discussion in an urban area, Kizilorda oblast, Kazakhstan (June-July 2010)*

Access to formal finance was constrained in other countries. In Africa, very few FGD participants had any access to bank loans or microcredit while in East Asia, credit from banks was available mainly to formal sector employees. Informal sector workers and farmers were relying primarily on loans from family members and friends as well as on high interest loans from moneylenders. In the Philippines and Indonesia, customary community-based savings groups were practiced. Yet, in Indonesia, interviewees reported that the “*arisan*” - traditional savings groups that bring together between tens and hundreds of community members have been weakening. In some communities they were terminated all together; in others, they were meeting every two or four months as opposed to every week before the crisis.

Indebtedness to microfinance institutions and informal moneylenders as well as inability to serve those debts was a major source of distress for households in Cambodia, Thailand, the Philippines and Bangladesh. In Cambodia, interviewees from rural areas took loans from microfinance institutions before the crisis to invest in agricultural inputs, houses or cover other essential needs. With the onset of the crisis, many people had to borrow from moneylenders at very high interest rates to pay back their microfinance debts. As their incomes kept falling they could not service these debts, prompting many to sell motorbikes, boats, livestock, land or even their homes to repay their debts. Others were living in constant fear of creditors taking possession of their property.

*“People took the money from the microfinance institutions. They thought they could return it ... but they could not because of the crisis. Now the institution has taken their land and house ... many more households here will become homeless soon.”*

*“We sell whatever we have to get the money to cope with the loan but it is still not enough ... we are afraid of the credit agent like we are afraid of a tiger. Any time they come we leave our home and go somewhere else.”*

*FGDs in rural Cambodia (July 2009)*

Similar accounts of high levels of indebtedness and stress over the potential loss of land or houses were observed in Thailand and the Philippines, where vulnerable population groups could not borrow from banks and most of their loans were from loan sharks at very high interest rates. People were afraid of debt collectors who often publicly humiliated and embarrassed the borrowers to collect the debts. For example, an interviewee from Klong Toey, Thailand took a loan to start a new business and borrowed 5,000 THB as an initial investment for it. Six months later she had a debt of 60,000 THB. She could not explain how it happened and did not see a way out of her situation: *“If we stay where we are, we know how much debt we have, if we tried to earn more and struggle to work, we might end up having more debt than before”*. In Bangladesh, interviewees complained that families had to go without food for days in order to continue making weekly repayments to microfinance institutions.

These examples call for public action to improve financial literacy, regulate and facilitate development of formal lending institutions (including those that provide microcredit) and perhaps create mechanisms for debt refinancing in times of crisis. Of the countries surveyed, only in Thailand did the government pursue a debt refinancing scheme but since it did not succeed in refinancing moneylender loans it did not benefit the most vulnerable population groups.

## **THE ROLE OF SOCIAL PROTECTION – “Who can feed their family on \$3 per month?”**

Across sites and countries, vulnerable population groups rarely benefited from formal social protection programs, with the exception of the ECA and Mongolia sites. Many countries lacked effective pre-existing social assistance programs and governments were rarely able to design and launch new programs in a timely manner as the crisis unfolded. The reported problems with social protection included poor design and targeting, low generosity, and downscaling during crisis. This being said, free or subsidized education and school feeding programs were instrumental in keeping children in school, and greatly valued by families and communities. Likewise, in countries where governments subsidized health services, such assistance was widely appreciated by recipients.

Serbia, Ukraine, Kazakhstan and Mongolia were the exceptions in that many FGD participants there benefited from government transfers such as universal old age pensions, subsidies for utilities, child allowances, and unemployment benefits. Some also benefited from the support of employment centers in finding jobs. Although government transfers were often too small to cover all needs of the recipients and sometimes did not reach the most vulnerable (e.g. the Roma in Serbia and informal gold miners in Mongolia), these transfers were perceived to have somewhat helped low-income households during the crisis.

In other countries, there were some government programs in place but they were ineffective in helping people cope with growing food insecurity, loss of jobs, lack of income generating opportunities, and mounting debt. In many cases, the programs did not address the particular vulnerabilities that mattered to respondents, e.g. the widespread indebtedness in countries like Cambodia and the Philippines, or the pervasive food insecurity in Senegal, CAR and Zambia. People in rural Kenya complained that those few who were fortunate enough to access the food-for-work program found it to be a mixed blessing, as the excessively hard work involved was barely compensated for by the amounts of food earned. In addition, after the long period of chronic food insecurity resulting from the drought and election violence, most people who sought such work were physically weak and generally malnourished, and found it difficult to perform the work required.

In other instances, the programs were not well targeted. For example, the government of Thailand has launched a utility subsidy program for electricity and water as well as the loan refinancing program. While both initiatives seem to have been generally useful, they excluded some of the most vulnerable groups. Urban slum dwellers without access to basic infrastructure could not benefit from utility subsidies. Poor people who borrowed from loan sharks could not apply for the refinancing program as the informal lenders did not allow their borrowers to disclose their names, a prerequisite to access the program. In Mongolia, FGD participants believed that a lot of poor people were not covered by social assistance programs while the non-poor often benefited from them:

*“I once tried to divide households according to poverty criteria given to me. I really could not understand. The program shows that the households with significant assets like ger and small cars seem to match criteria.”*

*A former social worker, Bayanzurkh district (August-September 2009)*

In some countries, political considerations and corruption were alleged to play a role for targeting. In Mongolia, where the winter dzud has compounded the effects of the crisis, government's fodder and hay distribution never reached some of the soums (sub-divisions) headed by opposition party governors. In Cambodia, food aid in rural areas was provided based on the loyalty to local authorities rather than based on the objective poverty criteria. In Ukraine, interviewees indicated that jobs could sometimes be found by paying a bribe to employees of the state employment centers. And, in Kazakhstan, nepotism and corruption were alleged to be widespread in the implementation of the *Roadmap Program*, aimed at helping the vulnerable groups obtain employment or receive vocational training.

Benefits, when received, were often too small to have any significant impact. For instance, the government of Mongolia has been distributing 10,000 tugrugs a month (around US\$ 8) to every citizen of the country since August 2010. FGD participants found the amount too small to have any real impact. In rural Bangladesh, recipients of the old age and widows' allowances complained that the transfers (between Tk 200-300) were grossly inadequate because of food price hikes: "Can anyone feed themselves on only Tk 200 (US\$ 2.89) per month?" complained one of the interviewees. In Zambia, to increase the outreach of the *Farmers Input Support Program*, the government halved the amount of fertilizer and seed distributed to eligible beneficiaries. Interviewees complained that the amount of inputs received was negligible, and could not have any impact on production; even so, a number of eligible households never received any fertilizer.

Assistance provided in-kind was sometimes of inferior quality. In Quezon, the Philippines, the fertilizer distributed by the government was accused of having had a negative impact on crops. In Kenya, the Ministry of Agriculture provided farmers with 'improved' male goats that were expected to breed with the local goat varieties. Most of the male goats died as they could not survive in the local climate. In Bangladesh, women complained that the cheap rice subsidized by the government had a bad smell and would get spoiled if not eaten immediately after it was cooked.

There were also instances of downscaling and termination of pre-crisis initiatives due to fiscal constraints. With the onset of the crisis, some governments were no longer able to continue their social assistance programs at the previous scale. For instance, in Kenya, school feeding program at some schools were threatened with funding withdrawals, which negatively affected student attendance and academic performance. In Mongolia, *the Child Benefit Program*, which provided regular monthly and quarterly transfers to all families with children, was terminated in late 2009 due to fiscal constraints. The program had been widely appreciated by recipients due to predictability of payments and its termination at the time of hardship was viewed very negatively. Instead of this program, the government provided a one-time payment of 70,000 tugrugs to all citizens of Mongolia as the so-called "mineral resource sharing money". This money was quickly spent for Tsagaan Sar (Mongolian New Year) celebration and the recipients were left with no predictable source of cash income.

*"Child support money was a major income source for poor and very poor households. Moreover, the child support money documents were used as collateral in the shop to get some daily food. Unfortunately, the support stopped; livelihoods will worsen more."*



In Thailand, the government launched several new social programs in response to the economic and political crisis, but their implementation started only as the economy had already begun its recovery. Field work based on focus group discussions was used to assess the early implementation experience of these programs (World Bank Thailand, 2010).

Government programs of all kinds tended to exclude informal sector workers and enterprises even as it was the informal sector that, arguably, did the lion's share of crisis adjustment by absorbing the laid-off workers and new entrants to the labor market. In Thailand and Vietnam, large formal enterprises were eligible for subsidized loans but no such assistance was available for small and cash-stripped informal businesses. Similarly in both of these countries, workers laid off from formal enterprises were receiving severance payments while those losing jobs in the informal sector were left with no assistance. Apart from lack of access to finance, informal sector employees were suffering from lack of access to markets, poor knowledge of consumer demand, lack of skills and increasing incidences of crime and racketeering as a result of the crisis.

**NGOS AND RELIGIOUS ORGANIZATIONS** – *“The church is also waging a war against the increasing levels of poverty but it does not have enough resources so you can't expect much.”*

NGOs and religious organizations played a positive but limited role in mitigating the effects of crisis. While both types of organizations ran well-regarded assistance projects in surveyed communities of several countries, the amount and type of aid they provided was often too small to make significant impacts. Furthermore, the number of people receiving assistance seemed to be negligible relevant to the number of the needy. There was no evidence in the surveyed countries that NGOs or religious organizations had changed or scaled up their operation strategies to better serve the needs of the poor during the crisis.

NGOs often implemented good projects but had a limited number of beneficiaries. In addition, many of their projects were aimed at addressing long-term needs, and did not provide the kind of support that poor people needed at the height of the crisis such as cash or food transfers, income-generation opportunities, and access to affordable loans or credit refinancing. In rural Mongolia, NGOs promoted non-pastoral livelihoods. An HDF Mercy Center in Klong Toey slum, Thailand, ran a school to support children of informal sector workers and provided basic health services including support to people living with HIV/AIDS. Action Aid Kenya implemented an irrigation project in Lango Baya, provided improved seeds, training in modern farming methods, renovated classrooms, and provided some school assistance. However, in Zambia, some respondents were highly critical of NGO activities, including of one that distributed dolls to hungry children.

Religious organizations were widely appreciated as a source of both moral and material support in numerous communities but the amount of support fell as contributions declined and the need grew during the crisis period. Respondents in many sites held support from religious groups in high esteem, particularly in Kenya, CAR, Cambodia, Thailand, Bangladesh, Zambia and Senegal even though the

assistance was often small relative to the needs (that is, the assistance was appreciated even when it wasn't necessarily very effective). In Kenya, both the school feeding program and other assistance provided by the Catholic Church were open to people of all confessions, according to FGD participants. However, the assistance given by mosques was limited only to practicing Muslims, which created hostility towards the Islamic community:

*"Although we are suffering as youth in Mukuru, and our parents and friends are struggling, the Muslims always have food. Every Friday, the Mosque opposite provides food and even clothing. This support is only for Muslims. We have been to the Mosque a few times dressed in buibui [black shawl] like the other Muslim women and managed to get food. It seems the people at the Mosque found. We are told they cannot give food to kafirs [non-muslims]. A few weeks back our friends, young men, were caught dressed in buibui like women; it was embarrassing, but we must survive."*

*Mukuru, Kenya, Focus Group Discussion (March 2009)*

In Thailand, a Buddhist temple provided food to some families in need. A team of motorcycle taxi drivers in Romklaow slum were taking turns asking for food from the nearby temple. *"It helps us a great deal. The food is not only for the team to eat every morning, sometimes we could also take leftovers back to our families"* a motorcycle taxi said. In Bangladesh, a sufi shrine was providing meals to some 500 people per day at the height of the 2008 food price crisis. In Cambodia, pagodas have traditionally provided support to the poor in rural areas but since the onset of the crisis, the number of beneficiaries and the amount of aid declined due to reduced contributions and became limited to the extreme poor and the sick. The moral support provided by churches was also deeply valued by respondents in Zambia. Churches in Zambia were providing some material assistance as well but it declined in comparison to the previous years.

*"The spiritual support we receive from the church is important for our general wellbeing. In the face of any crisis, having a connection with God gives one a sense of peace."*

*From an FGD in Kabwata, Zambia (2010)*

*"The church is also waging a war against the increasing levels poverty but it does not have enough resources so you can't expect much."*

*From an FGD in Kabwata, Zambia (February 2009)*

*"The pagodas in our village barely assist the people since they are also poor [as] it is the people who usually donate to the monks and contribute towards building the pagodas."*

*From an FGD in Trapieng Prey village, Cambodia (July 2009)*

In CAR, religious organizations along with the mutual solidarity networks were a key source of support to poor households, more so than in many other countries. People appreciated the moral support from other faith members as well as the psychological relief from prayers. Religious organizations also provided assistance during important life events such as birth, marriage, death or illnesses. The assistance was usually limited to members only. With the onset of the crisis, reliance on religious organizations and adherence to faith increased.

*"There are no mutual aid organizations in this locality. We find such an organization in religious faiths. They are currently active. Only members benefit from their help in case of difficulty."*

*Bagandou farming groups, CAR (August 2010)*

**INFORMAL SUPPORT** – *"We will not allow any people to die from hunger in our village."*

In all countries surveyed, informal safety nets played a major role in softening the impacts of the crisis and were in fact often the only support mechanism available for the poor. Informal support was usually exchanged between family, friends, neighbors, and within solidarity networks comprised of workers belonging to the same occupational groups or coming from the same locality. As the crisis unfolded, many interviewees were complaining of weakening solidarity mechanisms, with the exception of support provided by close relatives. What such statements actually meant was that the amount of aid given to poor households was diminishing or was given only to the neediest. There was no evidence that the solidarity mechanisms were destroyed, they were merely underfunded. Resilience became depleted (Global Pulse, 2010).

*"How can we help and take care of each other like we used to in our village? Every family is facing its own difficulties. We struggle to survive ourselves so how can we help other people when we can barely help ourselves?"*

*"We help only elderly people who have nobody (no children or no relatives) to look after them – giving them food or anything they need to survive. If elderly people have children or relatives we do not help them, because we are also poor and have to take care of ourselves as well. But we will not allow any people to die from hunger in our village."*

*Interviews in rural Cambodia (July 2009)*

It seems that a sense of belonging to the group (community or occupational) made people stronger and helped them to weather different shocks:

*"In emergencies we organize fundraising to help the person in need. ... The group constitutes a family or one body, so if a part of the body is suffering than the whole body is suffering."*

*Artisans group, Central African Republic (August 2010)*

*"People like each other. We never have any violence in the group or towards other cyclo drivers, but instead we try to help each other during hardships like sickness or other difficult circumstances ... We all come from rural areas ... Nobody can understand us and assist us beside ourselves and our friends."*

*Cyclo drivers, Cambodia (August 2009)*

There was no decline in non-financial support such as moral support, help with finding jobs, or sharing of productive equipment. In Kenya, farmers that belonged to the irrigation association shared water pumps; in Senegal, small traders shared market spaces; in Hanoi, Vietnam, day laborers (many of whom came in groups from the same localities) shared the available work with each other so that nobody should have no income at all. In Cambodia, construction and garment workers were pooling money or

rice sent from the villages and cooking and eating together in large groups. The eating groups kept on growing as the crisis was unfolding. Homeless cyclo-drivers and unskilled construction workers were living together as a group to reduce safety-related risks (as they were often attacked by gangs). In Cambodia, Mongolia and Kazakhstan, people relied on their friends and relatives to find jobs in urban areas.

Informal savings and credit groups such as the *tontines* in West Africa run by women or professional groups were often the main source of financial assistance. In many FGDs, participants were saying that while membership in tontines was helpful, the resources received were not enough to start a new business. In Senegal, many poor people ended their membership in tontines due to inability to make contributions.

Small businesses were another source of credit. In sites in Mongolia, the Philippines, Cambodia, Serbia and Kazakhstan, stores were often selling food and other basic items on credit. In some instances these practices resulted in big losses for small business owners and even in closures of the stores:

*“People borrow goods and food. Some people borrow money to go home or if somebody passes away. They pay back when they earn money. Their payment period is getting longer. Some people disappear without paying for what they borrowed.”*

*A shop owner at the gold mining site, Bayanteel soum, Uvurkhangai aimag, Mongolia (May-June 2009)*

Support from direct family members was extensive and included domestic and international remittances, sharing of food and other in-kind assistance (e.g. lending livestock), providing interest free loans and paying of tuition fees for close relatives. Family ties were also used widely to search for jobs by migrants, the laid off, and new job market entrants.

Remittances from urban or international migrants played an important role: *“Migration is the most important solution for employment and incomes. If all migrants returned home, we would come back to eating porridge only”*- said an official from a village’s Women’s Union, Trà Vinh, Vietnam. Yet, as the crisis unfolded many families and communities reported sharp reductions in the amount and regularity of remittance transfers, causing significant hardships. The return of some urban migrants increased competition for jobs and reduced the already low wage rates while households with returning international migrants struggled to repay large debts that they had incurred to send family members abroad.

Agricultural land was important for coping in East Asia and sometimes fed reverse remittances. Rural landowners in Vietnam, Cambodia and Thailand were much more resilient to the negative impacts of the crises than the landless. They could intensify production to compensate for the loss of remittances, get access to loans using their land for collateral and even provide support to family members living in urban areas. In East Asia, remittances were flowing not only from urban workers to families in rural areas but also in the reverse direction. As urban workers faced reduced working hours and unemployment, their rural families were often sending them food and in some instances money.

To conclude, informal safety nets provided by relatives, friends, and community and religious organizations were important for coping everywhere. Even though the amount of support through informal safety nets was inadequate relative to the large and growing need, it was often the only source of support available.

#### **4. CONCLUDING REMARKS AND POLICY IMPLICATIONS**

The research summarized in this paper has shown that qualitative analysis of how people lived through the crises can be a valuable addition to the quantitative studies on the subject. First, the research permitted a closer look at the impacts on the informal sector that employs the majority of population in developing countries, yet is rarely covered in sectoral assessments or industrial growth strategies prepared by government ministries. Second, the research helped draw attention to the plight of the people who are usually excluded from household surveys, such as the Roma in Serbia, beggars in Bangladesh, informal gold miners in Mongolia, or the illegal cross-border migrants in Thailand. Third, it was useful for an in-depth analysis of crisis impacts by age and gender, highlighting in particular the role of women's unpaid work in household resilience. Fourth, qualitative monitoring helped assess a wider range of impacts beyond the material, pointing to the enormous psychological stress inflicted by the crisis and its effects on family and community relationships, demonstrating the importance of communal solidarity in cushioning against shocks. Qualitative monitoring also assessed the damaging impact of prolonged economic stress to traditional support mechanisms.

This study has shown that the analysis of macroeconomic indicators alone can conceal important aspects of the process of economic recovery. In particular, the resumption of GDP growth in late 2009 or 2010 in many developing countries gave optimism to governments and the donor community that the impacts of the crises were relatively short-lived and that the livelihoods of the poor were not strongly affected. The findings of this study do not support this argument. Despite the narrow employment base of export production in developing countries, formal sector workers fuel the rural economies through remittances and provide a customer base for a large number of informal sector workers. Therefore, even temporary labor shocks to the formal economy have long-lasting impacts on the urban and rural poor. The reason is that often the first wave of coping responses adopted by poor people (incurring debt, forgoing health care, diversification) led to the second wave of impacts (selling assets or increased competition in the informal sector). In many surveyed countries, poor people were living through this second round of negative impacts at the same time the national economies were showing strong signs of economic recovery.

Three years of compound crises depleted the resources of vulnerable people (Mongolian herders with less than 100 animals, households across East Asia that lost their land or houses to creditors, impoverished smallholders in rural Kenya). Many people may not be able to take advantage of new economic opportunities without targeted assistance. Furthermore, food and fuel prices remained high or increased further with economic recovery while incomes stagnated or rose insignificantly. Even formal sector workers in countries like Bangladesh, Cambodia, and Thailand whose wages rose with the

revival of the export sector felt that income increases did not fully compensate for food price inflation. These are some of the reasons that resumed growth rates had not yet translated into noticeable improvements in the livelihoods of poor people in surveyed sites.

Although the types of coping mechanisms used by the poor to cope with the global food, fuel, and financial crises are often similar to those used when coping with more localized shocks, there is a sharp difference in their effectiveness. The large and protracted crisis rendered the traditional informal safety nets of the poor ineffective. The informal sector was hit by the crisis and exposed to suddenly increased competition and reduced remittances, and religious and mutual solidarity dried up as needs grew and fewer could afford to contribute. Interviewees were trying to avoid sale of major livelihood assets, particularly houses and land. They would rather send children to work and eat less than sell their property. Many families, however, were on very poor diets but kept children in school. People often tried to identify new livelihood options and move to other sectors, localities, and occupations. These attempts were often unsuccessful, in part because they were simultaneously pursued by many other competitors, yet there were also examples of adaptation of business strategies and creative diversification that helped people cope through the bad times.

What kind of policies and programs should governments consider to help reduce vulnerability to future shocks? The analysis of the case studies demonstrates the need for more effective and more generous social protection systems, support packages for informal enterprises and smallholder farmers, including access to credit and debt refinancing schemes, as well as measures to strengthen community cohesion.

### **Improve Social Protection and Access to Public Services**

The analysis of the country case studies confirmed the importance of preexisting social protection schemes in responding to shocks of massive scale. In countries where such programs have been in place (in our sample, the formerly socialist states), poor people were better protected in comparison to countries that did not have such schemes. In all countries surveyed the crisis also exposed the weaknesses of existing social assistance programs—low generosity, poor targeting, low quality of in-kind assistance, and in some instances inability to sustain the pre-crisis initiatives due to fiscal pressures. This research also showed that the vision of comprehensive shock response programs should be wider than most current social protection programs in developing countries, which tend to focus on modest cash transfers to the chronic poor. In particular, the country case studies demonstrated the value of free or subsidized health and education programs in protecting human capital during the worst of the crises. Free schooling and provision of school meals and uniforms were critical to keeping children in school. Many findings also pointed to a pressing lack of short and flexible skill-building programs to address the needs of the informal sector and to improve employment outcomes for laid-off workers from formal enterprises.

## **Support SMEs and Smallholders**

The qualitative crisis monitoring showed the importance of the informal sector for the livelihoods of the poor and its role in absorbing shocks to formal enterprises during times of crisis. It also demonstrated that local and national government regulations often preclude rather than facilitate the operation of small-scale entrepreneurs. For instance, transport workers in Kenya and Senegal complained of harassment by traffic police; rickshaw pullers in Dhaka were banned from major streets; the rates for market rent space were prohibitively expensive for workers in imitation gold ornaments in Thailand and informal vendors in Senegal; and porters and women doing laundry work in Kenya complained of harassment by the security personnel of the city council. Secondary roads in poor condition and high transport costs were an issue in most countries surveyed, limiting access to markets for smallholders. In an extreme example, rural women in CAR had to spend 3.5 hours to bring their produce on foot to a local market.

Rising food costs necessitate public investments in new seed varieties, extension services, irrigation infrastructure to increase productivity, and the development of supply chains to lower the cost of food for consumers while increasing producer price share of agricultural products. Poor shea nut gatherers in Ghana, coconut farmers in the Philippines and herders in Mongolia complained that they were unable to get a fair price for their products: when prices were low, it was hardly worth selling; in good times, traders took advantage of the remoteness of rural communities and demanded a large margin. Organizing smallholders into groups to purchase inputs, negotiate with buyers, and sell produce in bulk can help overcome these constraints.

In addition, development of affordable microfinance schemes for individuals and small businesses can help weather a crisis and increase production in good times. Microfinance ought to include credit, savings, insurance options, and protection against abusive collection practices. It is equally important for governments and microfinance institutions to develop loan refinancing schemes in case of another global shock or a local disaster.

## **Strengthen Community Organizations**

Community-based organizations were often the first and the only institutions to provide support to the poor during times of hardship (Turk, Mason; and Petesch 2010). In places where local government and community institutions are strong, governments can partner with local institutions to support community development priorities. Initiatives could include improvement of local infrastructure, creation of vocational programs for youth, establishment of counseling centers to address the problems of domestic violence and drug and alcohol abuse, and the development of community watch programs to address safety concerns. In cases where communities are divided over ethnic or religious lines or where local institutions are underdeveloped, a number of approaches can be applied to strengthen transparency and accountability of local governments and facilitate dialogue among various civic groups. In both contexts, support for community initiatives can create vital social networks and increase household and community resilience to shocks.

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